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U. S. Department of Agriculture

THE AGRICULTURAL SITUATION REVIEW

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Speaking Time: 10 Minutes.

OPENING ANNOUNCEMENT: Once again the agricultural broadcasting service of Station _____ presents the monthly review of general agricultural conditions in the United States. This review is prepared for us by the U. S. Department of Agriculture.

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As harvest season approaches the outlines of the picture of farm production begin to emerge. Crop estimates and other statistics now available give a fairly good idea of the final harvest.

The Department of Agriculture reports indicate that once more a hot, dry July, damage from insect pests, and other causes in various sections of the country, have left their effects upon the crops. The August estimates placed the average of crop yields per acre for the whole country at 6-1/2 per cent less than last year and 4-6/10 per cent below the 10-year average.

Among the important crops which appear likely to produce less than an average total output are wheat, flax, buckwheat, hay, apples, peaches, tobacco and cotton. The relatively large crops this season include corn, barley and sweet potatoes. Oats and potatoes are just about average crops.

The cash crops have been cut down, whereas the total supply of new feed grains is expected to be the largest in several years. Corn, the foremost feed grain, is a moderately good crop and there is a large acreage. The acreage of hay is somewhat down this year and the crop is rather short in the Northeast and in the Corn Belt; hay is an average crop or better in the South and West.

The meat animal industries, on the whole, have received some encouragement from the markets this summer but no similar encouraging price recovery has yet appeared in the dairy industry. As respects the trend of production, cattle and poultry are increasing whereas the lamb and pig crops of last spring both showed declines.

The Department of Agriculture economists in a survey of the beef cattle outlook point out that the number of cattle on farms has been increasing since 1928, but the number slaughtered each year has been decreasing since 1926. The number of cows slaughtered during the first half of 1932 was the smallest for the period in many years. If this slaughter continues small during the remainder of the year the number of cows on farms January 1, 1933, will be near the largest total ever recorded in this country. The increase in cattle breeding stock since 1928 is expected to result in a marked increase in the number of cattle slaughtered within the next few years.

The economists feel that this situation indicates a need for caution in regard to continued expansion. With large numbers of cows and heifers on farms, cattlemen can easily increase the yearly output of beef very materially. Whether

or not consumers can pay prices that are remunerative to producers for an increased supply of beef will depend largely on the extent to which the purchasing power of consumers increases.

The immediate prospect as to numbers of cattle coming to market is summed up in the Department beef cattle outlook report as follows:

"Marketings of grass cattle from the western states during the remainder of the year probably will be larger than in the corresponding period last year. Because of favorable range and feed conditions, grass cattle marketed this fall are expected to be in better flesh than those marketed last fall, and the time of their movement is likely to be somewhat later than usual.

"Present indications are that market supplies of grain fed cattle during the remainder of the summer and the early fall will be smaller than those of a year earlier, but that supplies of such cattle during the late fall and early winter will be larger.

"Altogether, during the next four months, total marketings of cattle are expected to be larger than in the corresponding months of 1931. But inspected slaughter may not be much different from a year ago, since more of the grass cattle coming in will be sent back to the country for further finishing on grain. Naturally, if more stocker and feeder cattle go to the country this fall for finishing, larger supplies of well finished cattle will go back to market during the spring and summer of 1933 than in the corresponding period this year."

Turning now to the situation of dairy producers, we find that the livestock estimators report milk production per cow on the first of August was 10 per cent below average for that date. But the dairy industry faces increased production during the coming year for three reasons. For one thing, farmers are milking a relatively large number of cows. The second reason is that more cows than usual are to freshen this fall. The third reason is that feed probably will be cheap because of the larger crops of feed grains.

Prices for dairy products went up early in August. Then about the middle of the month, the price advance stopped and declines began. By the latter part of August prices for butter had settled back to just slightly above what they were in the middle of July.

The dairy market reporters comment that traders in dairy products are uncertain about how much butter and cheese and condensed and evaporated milk can be produced by the manufacturers. The traders also face the ever-present question of what the consumer demand for dairy products will be during the fall and winter. Furthermore, the season is just starting when storage stocks of dairy products need to be moved. As a result, dairy interests are generally inclined to be more or less conservative.

The stocks of dairy products on August 1 were smaller than on the same date a year ago. Up till the middle of the month there continued to be less butter in storage than last year, and it was moving out of storage regularly. Then when butter prices began to decline, this changed, and stocks of butter actually increased so that now they are greater than last year at the same time. Cheese stocks are still short of last year, although the difference has narrowed during the month.

In the egg and poultry markets, the trends seem clearer than in the dairy markets. The statistical position of the egg market at present is more favorable than at any time during the past several years. The supply of eggs in cold storage last month was the smallest in 16 years. Also, receipts of fresh eggs at the principal markets during August were less than the very light receipts of August last year. As a result of this favorable statistical position, and of the psychological effect of the recent rise in prices of stocks and commodities, prices of eggs went up sharply until the middle of August. After that, the price advance flattened out.

Prices of dressed poultry did not go up, however.

The reports on the number of laying hens of farm flocks indicate that this number is likely to be 4 to 5 per cent larger this fall than last.

Turning now to the situation of fruit and vegetable producers, the economists report that two things were very noticeable in fruit and vegetable markets during late August. One was the very light movement of these products by rail and boat. The other was the low price level. Prices of nearly all fruits and vegetables were considerably below those of a year ago. The main exceptions were watermelons and some receipts of peaches.

Now taking prices of all farm products, the economists find that the general index rose about one point last month.

The specialists in farm credit have just compiled reports from the main agencies lending to farmers which show that available credit is limited, but that interest rates are on the decline. The availability of farm credit of nearly all classes has been at the lowest ebb in 1932 of any time for many years. Reports of all agencies lending on farm mortgages have shown persistent declines. Joint stock land banks, federal land banks, and life insurance companies all report a smaller value of outstanding farm market loans in July than in January.

Many commercial banks have been hard pressed by claims of depositors and demands of borrowers and their deposits have suffered severe reductions because of low prices, so they have curtailed new advances to low amounts. But recent reports indicate a somewhat more liberal loaning practice in some sections. Activities of the Reconstruction Finance Corporation and new provisions for regional agricultural credit facilities to share the burden of agricultural financing have stimulated credit and confidence.

The most active factor in this year's agricultural financing has been the record amount of credit extended as crop production loans by the Reconstruction Finance Loan Corporation. This total of 65 million dollars distributed in small loans throughout the country has brought direct financial aid to approximately 5,000 farmers.

Well, to sum up in 5 words the main features of the agricultural situation as they appear for the country as a whole on September 1, government economists say: "Cash Crops Smaller -- Cattle Increasing."

And even as harvest time approaches this year we are beginning to look forward into another crop season. The Federal report on farmers' intentions to sow winter wheat indicates that they intend to decrease this fall's acreage about one per cent from last fall's acreage.

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CLOSING ANNOUNCEMENT: So we conclude another monthly review of the agricultural situation in the United States, prepared for Station _____ by the U. S. Department of Agriculture.